National Dairy Products Corporation

1968
Annual Report
Informe Anual
Relazione Annuale
Rapport Annuel
Jahresbericht

light n bright
HUMKO
PURE VEGETABLE
OIL
NET 36 FL. OZ. (1 QT. 4 OZ.)
QUARTERS
LIGHTLY SALTED
SHARP
Cracker Barrel
NATURAL
CHEDDAR
KRAFT
Large Curd
B
Breakstone
CALIFORNIA
CREAMED COTTAGE CHEESE
PASTEURIZED
KRAFT
Margarina
PARKAY
Super Suave
DE LUXE
KRAFT
Sealtest
Light n' Lively
LOWFAT MILK
Sealtest
Light n' Lively
GRADE A PASTEURIZED
HOMOGENIZED
LOWFAT MILK
ONE HALF GALLON LIQUID
NATIONAL DAIRY PRODUCTS CORPORATION
PUSH UP

TO OPEN
Sealtest
Light n' Lively
Sealtest
Light n' Lively
PASTEURIZED HOMOGENIZED
ONE HALF GALLON
READY TO EAT · GREAT SOUR CREAM TASTE
Sealtest
dip
CHIPPED BEEF
8 OZ. NET WT.
TO OPEN LIFT TAB
FRENCH ONION
dip
Sealtest
Sealtest
Light n' Lively
GRADE A
YOGURT
PLAIN
VELVEETA
VELVEETA
KRAFT
... full of Health from Milk
¢

National Dairy Products Corporation
1968
Annual Report

Annual Meeting

Stockholders of National Dairy Products Corporation are cordially invited to our Annual Meeting which will take place on Thursday, April 17, 1969, at 11 a.m. at the Pick-Congress Hotel in Chicago, Illinois. This is the first time a National Dairy stockholders' meeting has been held outside of New York City, and will give some of our stockholders in the midwest an opportunity to participate in an Annual Meeting without traveling great distances.

From New York (front cover) to San Francisco (inside cover) and throughout the world, National Dairy products are enjoyed by millions of people daily. With markets stretching from Canada to Scandinavia, from Africa to Australia, through Europe and the Far East, the sun quite literally never sets on National Dairy.

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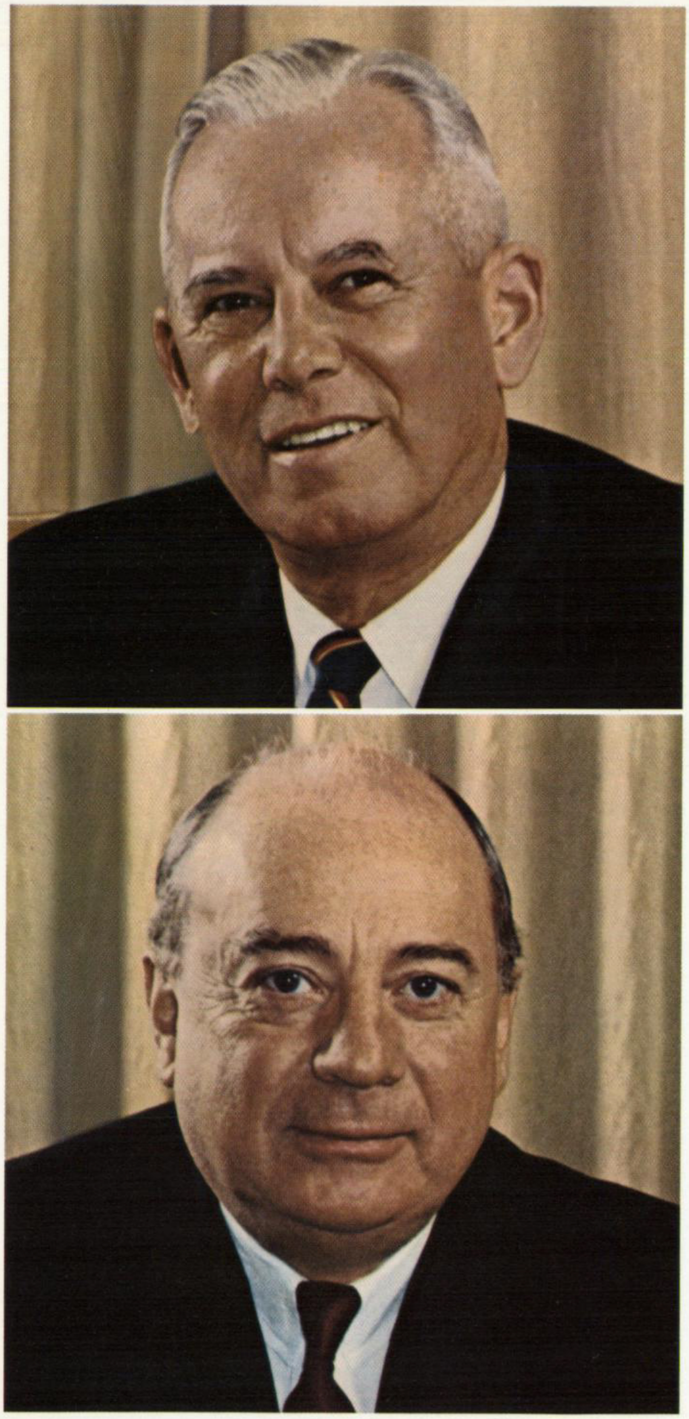
Financial Highlights

	1968	1967
Sales	**$2,428,106,000**	$2,318,587,000
Earnings	**$ 76,162,000**	$ 76,120,000
Per Share	**$2.67**	$2.65
Per Dollar of Sales	**3.14%**	3.28%
Federal and Foreign Taxes on Income	**$ 75,414,000**	$ 64,830,000
Per Share	**$2.64**	$2.25
Dividends to Stockholders	**$ 44,886,000**	$ 41,641,000
Per Share	**$1.575**	$1.45
Capital Expenditures	**$ 45,799,000**	$ 51,600,000
Depreciation	**$ 41,206,000**	$ 39,980,000
Working Capital	**$ 359,660,000**	$ 345,552,000
Stockholders' Equity	**$ 638,697,000**	$ 622,280,000
Number of Stockholders	**71,702**	72,352

Financial Review and Statements begin on page 20.



Gordon Edwards, Chairman of the Board
William O. Beers, President

To Our Stockholders

The year 1968 was another good year for National Dairy. Worldwide dollar sales, resulting from a record tonnage of products sold, were at an all-time high. Earnings were at record levels and dividends to stockholders were increased. On the opposite page are the financial highlights of the year, and details appear further on in this report.

Net income was severely curtailed by an increase of $10,584,000 in income taxes. Of this increase, $6,362,000, or 22¢ per share, is attributable to the 10% tax surcharge enacted by the U.S. Government.

We face 1969 with optimism; we are expecting continued growth and we are investing money to assure increased profitability. Our estimated capital expenditures in 1969 will be a record $60 million, and the major portion of this will be spent in the faster-growing product areas of processed foods and packaged cheese products. These expenditures will enable the trend in our product mix to continue in the direction of processed food products. With the expanding consumer demand for convenience and ease of preparation, it is in this area that we see our greatest potential internal growth.

In addition, we are continuing to open new overseas markets. In January of 1968 we obtained a major interest in Industrias Lacteas Leonesas, S. A., a dairy products processing company in Spain, and are expanding its operations to include the manufacture of many of the items in our Kraft product lines. We also expanded our Latin American operations into Guatemala, and are exploring new opportunities in the Far East.

During the past year we continued to search for new, realistic and productive ways to serve the communities in which we operate. The stability and welfare of our society is of direct concern to us, for a healthy business cannot exist in an unhealthy environment. Business must play a leading role in providing jobs and training for the disadvantaged, and we have renewed our efforts to be sure that our participation is meaningful.

There was one major organizational change during the year. A new Division, the Breakstone Sugar Creek Foods Division, was formed by the consolidation of the Breakstone and Sugar Creek Foods Divisions. Mr. Herbert F. Marston, formerly President of Breakstone Foods, is the President of the new Division.

On April 18, 1968, Edgar N. Brawner, who had recently retired from a management role in the Sealtest Foods Division after a 44-year career, retired from the Board of Directors. Mr. Brawner served as a Director for 29 years, and we are sure you join in extending him appreciation for his years of inspired, dedicated service and wishing him well in his retirement.

Mr. O. P. Thomas, President and Chief Executive Officer of the Sinclair Oil Corporation was elected a Director at the 1968 Annual Stockholders' Meeting. Mr. Thomas brings to the Board a broad experience gained through many years of successful participation in business.

It is with great sadness that we report the death in 1968 of two former colleagues. Lawrence M. Becker, former President of Breakstone Foods, died on March 2. He had served the Company for 35 years. Grellet C. Pound, who was President of the Kraft Foods Division and a Vice President and Director of the Corporation prior to his retirement in 1958 after 46 years of service, died on September 19. We shall miss these men as friends and as associates who made many important contributions to the success of our business.

We express our sincere thanks to the Board of Directors and to our employees throughout the world for the ingenuity, loyalty and effort expended in 1968. They are the individuals responsible for the success of the Company, and we truly appreciate their contribution. We also thank our stockholders for their continued trust and interest, and our customers, producers and suppliers for the support given us.

We look forward to continued growth and success in 1969 and future years.

Gorton Edwards
Chairman of the Board

William O. Beers
President

PRODUCE
KRAFT
ROKA BLUE CHEESE DRESSING
KRAFT FRENCH DRESSING
BROCCOLI
ESCAROLE
ONIONS
CUCUMBERS
RED GRAPES
GRAPES
LETTUCE
Every day is Salad day
Every day is Salad day
The World's Finest Dressings
Buy the Family Size

Our business is one of "Need Satisfaction", and our job is done only when our products have moved off the shelves and have been enjoyed by the people for whom they were designed and manufactured.

Innovation in Marketing

In the food industry "innovation" has a special meaning. Special because people attach traditional values to food. They want the kinds of things they've always had, but with higher quality, in greater variety and with ease of preparation. So, while it may be possible to pack the nutritive value of a pound of cheese into a pill it would be a pointless exercise . . . people want cheese, not pills.

Thus, for us, much of our innovative effort involves new processes, new methods of packaging, new flavors, and other improvements which are all aimed at enhancing the traditional goodness of food.

The impetus for innovation comes from a changing market environment. Through instant mass communications and modern travel, people's tastes have broadened and there is a greater demand for variety in food . . . variety not confined by state or national boundaries. Increased affluence and leisure time, plus an ever-greater scarcity of household help, have sharpened the demand for convenience products which take the drudgery out of meal preparation.

Because National Dairy's marketing philosophy is to lead in the response to these changing demands, innovation *is* marketing in our Company.

Interestingly, innovation frequently creates a climate calling for still more innovation. A few years ago, salads were not a principal part of the American diet. Salad greens by themselves aren't very interesting, but as more dressings were developed to add flavor interest, more salads were eaten. As consumption went up, so did demand for more variety in salad dressings.

Kraft now has 33 salad dressings on the market in the United States, with no end in sight. The same consumption cycle has taken place in Canada, and is now taking place in Australia, the United Kingdom, and in several markets in Europe and Latin America.

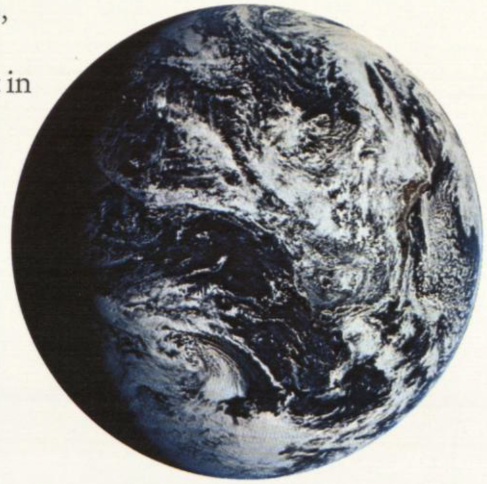
The same process of expansion and improvement in basic foods can be seen in many products, such as the broadened flavor varieties of yogurt introduced by Breakstone, or the innumerable varieties of cheese produced and marketed by Kraft. And ice cream, although in principle the same as when discovered in the 18th century, has been radically changed by improvements in quality and flavor. The evolution of ice cream . . . through sandwiches, an almost endless variety of sundaes and new flavors and flavor combinations, has changed it from a luxury to be enjoyed by royalty into an everyday treat for millions. Sealtest has been second to none in innovating the varieties of flavors and novelties which have made ice cream so popular.

Another aspect of innovation in marketing involves developing or adapting products for specific local conditions. Vegemite spread, popular in Australia, was originally formulated to help overcome a Vitamin B deficiency in the Australian diet. Nutri-Vita spread has recently been introduced in the Philippines to help provide needed high nutritive values at low cost.

Packaging is another area of innovation in marketing that has helped us provide improved foods in the "old tradition". For example, we all know that cheese will mold if not properly wrapped. So special wrappers and packaging techniques have been developed to assure "cut-from-the-wheel" freshness for all of National Dairy's cheese products.

The convenience built into processed packaged foods is making the job of preparing varied, interesting meals easier for today's homemakers than at any time in history. Kraft Dinners take about ten minutes to prepare and are excellent "as is" or as a base for a special family recipe. Similarly, German housewives have always been able to make cakes, but never before with a greater guarantee of success than with Kraft cake mixes.

Perhaps the most unique aspect of innovation in marketing at National Dairy is the relationship we



maintain with retail and institutional buyers. They are far more than customers . . . they are our partners. Our job is not done until our products are being enjoyed by the people who use them, and we view retail store operators and institutional buyers as our associates in the distribution process.

Operation Impact is a program in which advertising schedules are developed and published a full year in advance to enable the retail store operator to effectively plan his promotions and product inventories. We provide effective in-store promotional material coordinated with the main advertising theme.

This advertising is service-oriented, based on the theme of "Good Food and Good Food Ideas" . . . incorporating our products into kitchen-tested service suggestions which show consumers new ways to make meals more interesting. Each month we receive over 15,000 requests for our original recipe ideas.

All these areas of marketing . . . product variety, convenience, packaging, distribution and advertising . . . revolve around innovation. For whenever an improvement can be made to benefit consumers, we want to be the first to make it. This is the philosophy of a Company which believes that the very best way to serve itself is to serve others.

Research and Development

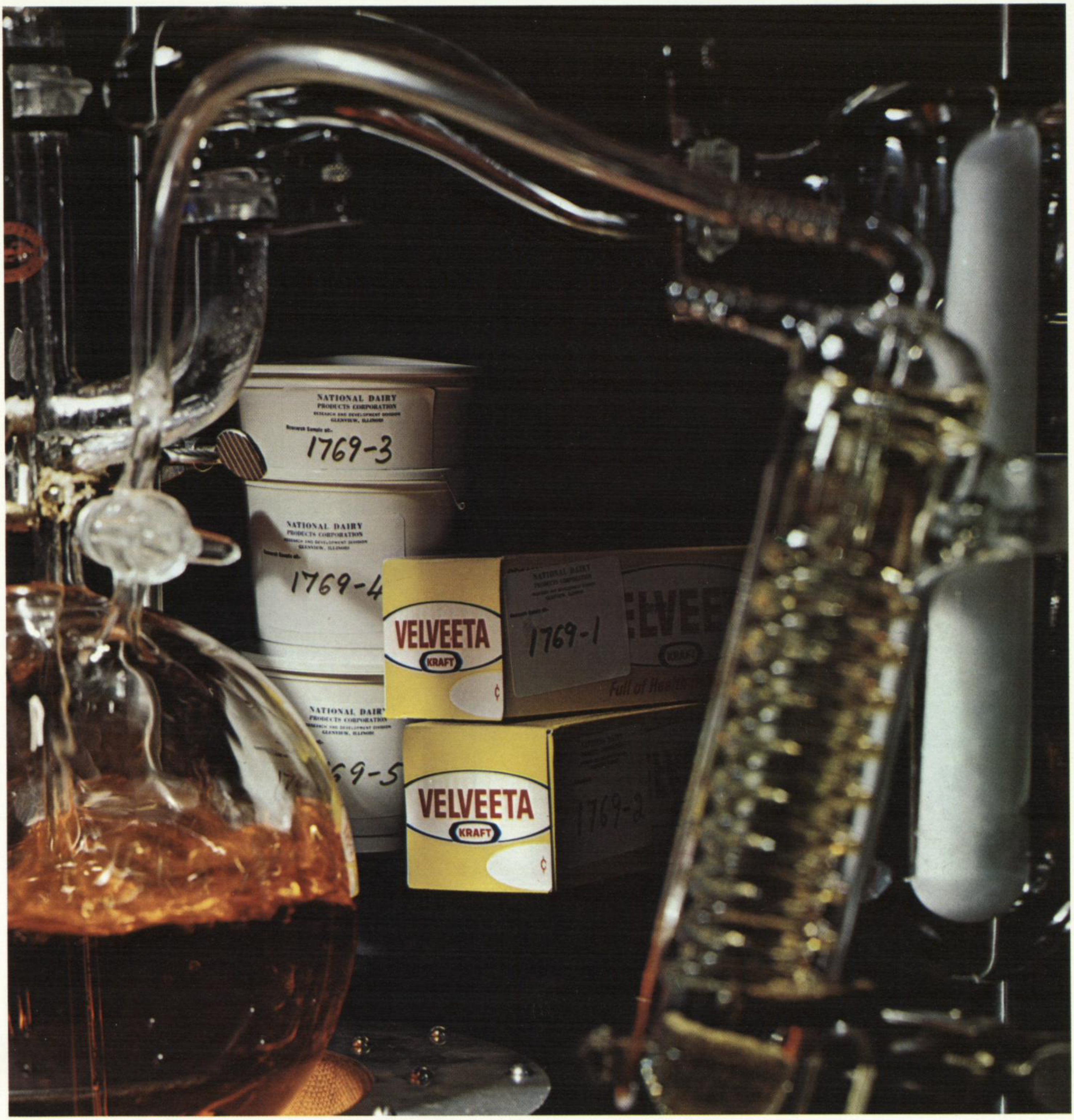
New products are the life blood of a marketing oriented organization. Supplying these new products to the Operating Divisions of National Dairy is a prime function of the Company's Research and Development Division. This modern research facility located in Glenview, Illinois, is staffed with experts in all areas of science which relate to the development of new food products and new food processing techniques. This includes the areas of new packaging materials and equipment; chemical products and derivatives; new processes for improved products; and nutritional research, which is a vital part of total product work.

In addition to the applied research and development done for the other Divisions, R&D also conducts programs of a basic or fundamental nature which are directed to new opportunities and the long range objectives of the Company.

A major part of the Research and Development effort is in the area of food science pointed toward new product development and the improvement of present products and packaging. The key to the success of the R&D Division in developing the many new products introduced by National Dairy during the past has been its close working relationship with the Marketing Groups in the other Operating Divisions.

Ideas and suggestions for new products come from many sources, not the least of which are supplied by the Marketing Groups. Although R&D does indeed work in product areas that will satisfy needs and desires that consumers have not yet discovered, much new product development work is in response to the opportunities to provide products to meet recognized demands. Giving guidance to these efforts is the Research Committee, comprised of the President of the Corporation and the Presidents of the six Operating

KRAFT
Haselnußkuchen
KRAFT
Barbecue SAUCE
CHERRY PINEAPPLE
A TROPICAL TWIRL
Sealtest
dip
ONION & GARLIC
TO OPEN LIFT TAB


NATIONAL DAIRY PRODUCTS CORPORATION
1769-3
NATIONAL DAIRY PRODUCTS CORPORATION
1769-4
NATIONAL DAIRY PRODUCTS CORPORATION
1769-5
VELVEETA
KRAFT
1769-1
VELVEETA
KRAFT
1769-2
Full of Health

Standing behind our marketing strength is a research organization second to none in the food business. Our ability to innovate . . . to translate product ideas into practical reality has kept us in the forefront of our industry.

Ranging from a huge variety of cheeses to many cultured dairy products such as sour cream and yogurt, manufactured dairy products are excellent by themselves whether with a meal or as snacks, and versatile ingredients in countless recipes.

Divisions. In addition, close day-to-day liaison between Divisional and R&D personnel is accomplished through the constant contact of technical coordinators in the R&D Division with the marketing and production groups of the Operating Divisions.

Many innovations at National Dairy were developed through this relationship between marketing and R&D, which is a continuing and ever increasing program designed to keep National Dairy in the forefront with new products designed to meet consumer needs.

Manufactured Dairy Products

Manufactured Dairy Products continued to contribute a substantial amount to our total sales. Last year's record high sales in this category were $925,262,000 compared with $889,409,000 in 1967.

Kraft Foods introduced into national distribution in 1968 many manufactured dairy products for consumers in the United States. These include Bastogne Cheese, a product formulated and produced by Kraft's Franco-Suisse Division in Belgium; salami-flavored Whipped Cream Cheese; individually-wrapped Pimiento Pasteurized Process Cheese Food Slices; individually-wrapped Swiss Pasteurized Process Cheese Food, and one-pound round Cracker Barrel brand cheese in mellow, sharp and extra sharp flavors. In addition, Kraft placed in regional distribution natural cheese Mini-Stix, individually-wrapped Natural Swiss Cheese Slices and Tiny Dane Camembert. Squeez-Snak non-refrigerated processed cheese spread was placed in test market.

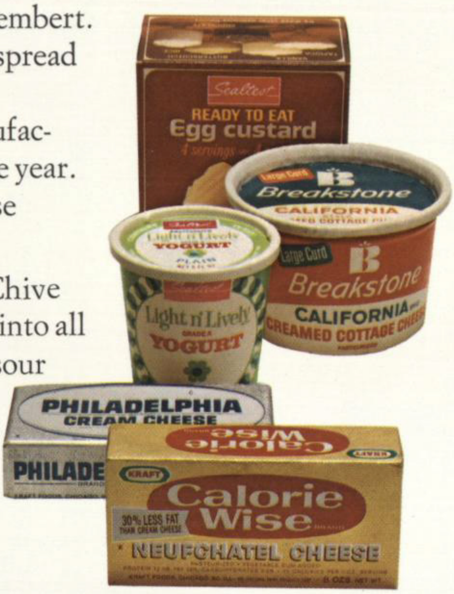
Kraft also introduced a number of new manufactured dairy products for industrial use during the year. These include Dan-Dee Process American Cheese Powder and Sharp-Ee Cheese Flavor.

Breakstone Sugar Creek Foods introduced Chive Cottage Cheese, made with fresh frozen chives, into all its market areas, and began testing an imitation sour cream in its Florida Division. The complete line of Breakstone products was introduced into the Houston, Texas and Knoxville, Tennessee markets during the year.

Following successful test marketing, Sealtest Foods Division's Ready to Eat Puddings were introduced into Minnesota, Wisconsin, Illinois, Iowa, Nebraska, Kansas, Missouri and Michigan. The line consists of Chocolate, Tapioca, Egg Custard, Vanilla and Butterscotch Puddings.

Building on its success with low fat products, Sealtest has introduced Light n' Lively low fat Cottage Cheese and Light n' Lively low fat Yogurt into test market. Both of these products are 99% fat free.

In Venezuela, Kraft introduced Natural Gouda Cheese in bars, chunks and slices for retail sale; and Cream Cheese and Cheez Whiz for the institutional market. In Mexico, Kraft launched 4-stick packs of salted and unsalted butter nationally, and became the first company in Mexico to market high-quality Natural Cheese. This cheese is available in slices and chunks in six varieties: Cheddar, Swiss, Gouda, Jack, Muenster, and Chihuahua. In Australia, Kraft placed in national distribution for the institutional market portion-control Butter and Dairy Spread, a butter-flavored cheese product. New Kraft products in test market in Australia include Cheddar Cheese Slices and Processed Swiss Cheese. On the other side of the world, Kraft introduced Natural Cheese Slices into Belgium and England.



In Germany, Kraft brought out Cottage Cheese for the retail market and has in test market portion-control Natural Cheese for the institutional market. The portion-control product is the first of its kind on the German market. Kraft also placed in test market six varieties of Party Snack Cheese Spread. These spreads are a novelty in Germany and have been well received.

Sales of new and existing manufactured dairy products in all our markets were assisted by vigorous advertising and promotional efforts. In addition to national and regional advertising, including our 22nd consecutive year on weekly network television in North America, promotional efforts included special summer and fall Spectaculars.

Institutional sales of Kraft cheese got a boost through the Cheeseburger Promotion in June. This was successfully designed to upgrade and increase restaurant sales to consumers with the indirect objective of increasing sales of Kraft products to restaurants.

To meet expected growth in the demand for manufactured food products in our world markets, added production facilities have recently been completed or are under construction. These include new pudding processing facilities in Peoria, Illinois; new equipment for Dips in Miami, and new yogurt production equipment in Winston-Salem, North Carolina. In Venezuela, Kraft acquired a bulk cheese plant and has begun installing new cheese-making equipment. In Australia, Kraft made improvements in a number of bulk cheese factories to permit increased capacity for the Australian and export markets, efficiency was improved at the Port Melbourne processed cheese plant, and an extension of the Port Melbourne new products laboratory was completed.

Fluid Milk Products

Sealtest's approach to innovation in the milk business has produced continually growing sales, which last year totaled $470,250,000, to retail and institutional outlets in market areas comprising 65% of the population in the United States as well as an important part of the Eastern Canadian market.

Last year's report commented on the development and introduction of Light n' Lively low fat milk, which has the taste and flavor of whole milk but has only 1% butterfat. This is a specific example of how the innovation process works in the search for new ways to present milk and dairy products to the consumer. Sealtest marketing and market research groups were, of course, aware that more and more American consumers are acutely conscious of the fat content in their diet. With this in mind, Sealtest worked with the Research and Development Division to develop a milk with all the satisfying flavor and physical characteristics of whole milk, but with a minimum of fat. The result was Light n' Lively Milk—99% fat free.

During 1968 Sealtest completed the introduction of this product in most market areas. Its success is indicated by the fact that it has already spawned imitations.

Building upon this success, Sealtest introduced Light n' Lively Egg Nog into test market in 1968, and has developed a variety of other companion products for introduction in 1969.

This shows what can be achieved through marketing innovation and it also illustrates why we are optimistic about future opportunities in this important product category.

Sealtest
MILK
Light n' Lively
Sealtest
CHOCOLATE MILK
WHIPPING CREAM

1883
LOBDELL
Sealtest
MILK

Fresh milk is an essential in the American diet. And daily, bulk tank trucks collect this important product for processing and distribution in Sealtest markets comprising 65% of the American public as well as an important part of the Eastern Canadian public. Sealtest is one of the world's largest processors and distributors of fluid milk products.

Our ability to engineer quality and convenience into processed food products speaks many languages, and throughout the world these products are meeting the needs and demands of consumers, and providing much needed nutrition. Ranging from margarines to salad products, packaged dinners and sauces, processed foods provide higher margins and constitute our fastest-growing category of products.

Processed Food Products

Processed Food Products represents the fastest-growing group of products at National Dairy. This category contributed $805,502,000 to sales in 1968, up from $753,420,000 in 1967 and up $400,679,000 or 99% from ten years ago.

Kraft Foods introduced ten new processed food products into national distribution in the United States in 1968: Soft Parkay Corn Oil Margarine; Apple Grape Jelly, Apple Strawberry Jelly, Apple Blackberry Jelly, and Apple Black Raspberry Jelly, bringing to 33 the Kraft line of jellies and preserves; fresh-chilled Valencia Orange Sections; fresh-chilled Sliced Peaches; and Beef Stew, Chili and Sloppy Joe Seasoning Mixes. Kraft placed an additional eight new products into regional distribution. These were Italian Style Macaroni Dinner and Mexican Style Macaroni Dinner, the tenth and eleventh additions to the dry dinner line; Seafood Cocktail Sauce; Horseradish Sauce; Manor House Coffee, Regular and Electric Perk; New England style Clam Chowder and Manhattan style Clam Chowder.

Three Kraft products were placed in test market in the United States: a new Russian Dressing, the 19th Kraft pourable dressing; Glamour Fruit Medley; and Vegemite spread, a product which for decades has been so popular in Australia.

Kraft also brought out a number of new products for the institutional market in the United States. These include 14 canned entrees, Sauerkraut, Fruits for Salads, Chicken and Beef Soups for vending machines, Whipped Topping, Hash Brown Potatoes and convenience packs of Red Label Kraft Shortening. New portion control products include squeeze bag packs of Horseradish Sauce, Meat Sauce, Vinegar, and Sweet Pickle Relish, as well as Soft Corn Oil Margarine in portion control plastic cups.

Sealtest successfully completed test marketing, in Memphis and St. Louis, Fruit Ade Concentrates in consumer sizes and is extending these products into wider market areas.

HumKo Division introduced a new Liquid Frying Shortening during 1968, with very encouraging results. This product combines the convenience of pourable shortening with excellent stability, when subjected to long periods of frying in commercial operations. HumKo's marketing efforts continued to stress specialty products such as Liquid Frying Shortening and fats and oils for the confectionery and dairy industries.

In Canada, Kraft introduced Coffee Charm coffee whitener, a non-perishable product. In Mexico, Kraft became the first food company in Latin America to manufacture and distribute a soft margarine, called Soft Parkay. Also introduced in the Mexican market were four varieties of Kraft jams: Strawberry, Peach, Orange and Pineapple.

Jams and jellies are entering final testing stages for consumer acceptance in Venezuela and when the tests are completed these products will be introduced in that country. Introduced in Venezuela in 1968 were institutional-sized polyethylene packages of Mayonnaise and, for the consumer market, 4-ounce packs of Mayonnaise and Sandwich Spread.

In Australia, Kraft introduced six new consumer products and four new institutional products during the year. The consumer products are Cheese Pizza, Meat Pizza and Salad Secret Salad Dressing in regional distribution, and Tuna Sandwich Filling, Crescent Rolls and Orange Danish Rolls in national distribution. The institutional products, all in national distribution, are portion control Instant Coffee, Peanut Butter,

KRAFT
Mirácoli
Komplett-Gericht
KRAFT Knäcke
New
KRAFT
chili
seasoning mix
KRAFT
Apple-Grape
JELLY
KRAFT
Mayonnaise
KRAFT
Mayonnaise

Tuna Sandwich Filling and Miracle Whip salad dressing . . . long a favorite in the United States.

National distribution of cake mixes was completed in Germany last year, and Kraft is now leading the German market with these products.

New consumer demands in Germany stimulated the introduction in 1968 of five new sauces by Kraft: Schaschlik, Barbecue, Chili, Horseradish and Mustard. These join Kraft Ketchup, which ten years ago was barely known in Germany and can now be found in 50% of German homes.

New products introduced by Kraft in Belgium during 1968 were Florida Orange Juice, Florida Grapefruit Juice and Miracle Whip salad dressing. New to the market in England last year were four Kraft preserves: Apricot, Strawberry, Black Currant and Raspberry. Also in England Kraft introduced Soft Superfine Margarine; Liquid Corn Oil; Cheese, Cheese and Onion, and Peanut Wafer Snacks; and four frozen ready-to-cook dinners: Steak and Mushroom Pie, Steak and Kidney Pie, Steak and Vegetable Pie, and Chicken and Ham Pie.

Worldwide promotion of processed packaged foods was intensive during 1968. In addition to extensive advertising in print and broadcast media, special tie-in and related product promotions were instrumental in maintaining a high level of sales. These efforts ranged from the "Fresh Fruit Good" theme of jellies and preserves to the "Swing Around America Sweepstakes" promotion for Miracle Whip salad dressing. An especially effective effort in Mexico is a 15-minute daily television show called *Cocinando con Kraft (Cooking with Kraft)*, which promotes Kraft products at the same time it demonstrates the many uses of our products in interesting and economical food ideas.

Ice Cream and Frozen Desserts

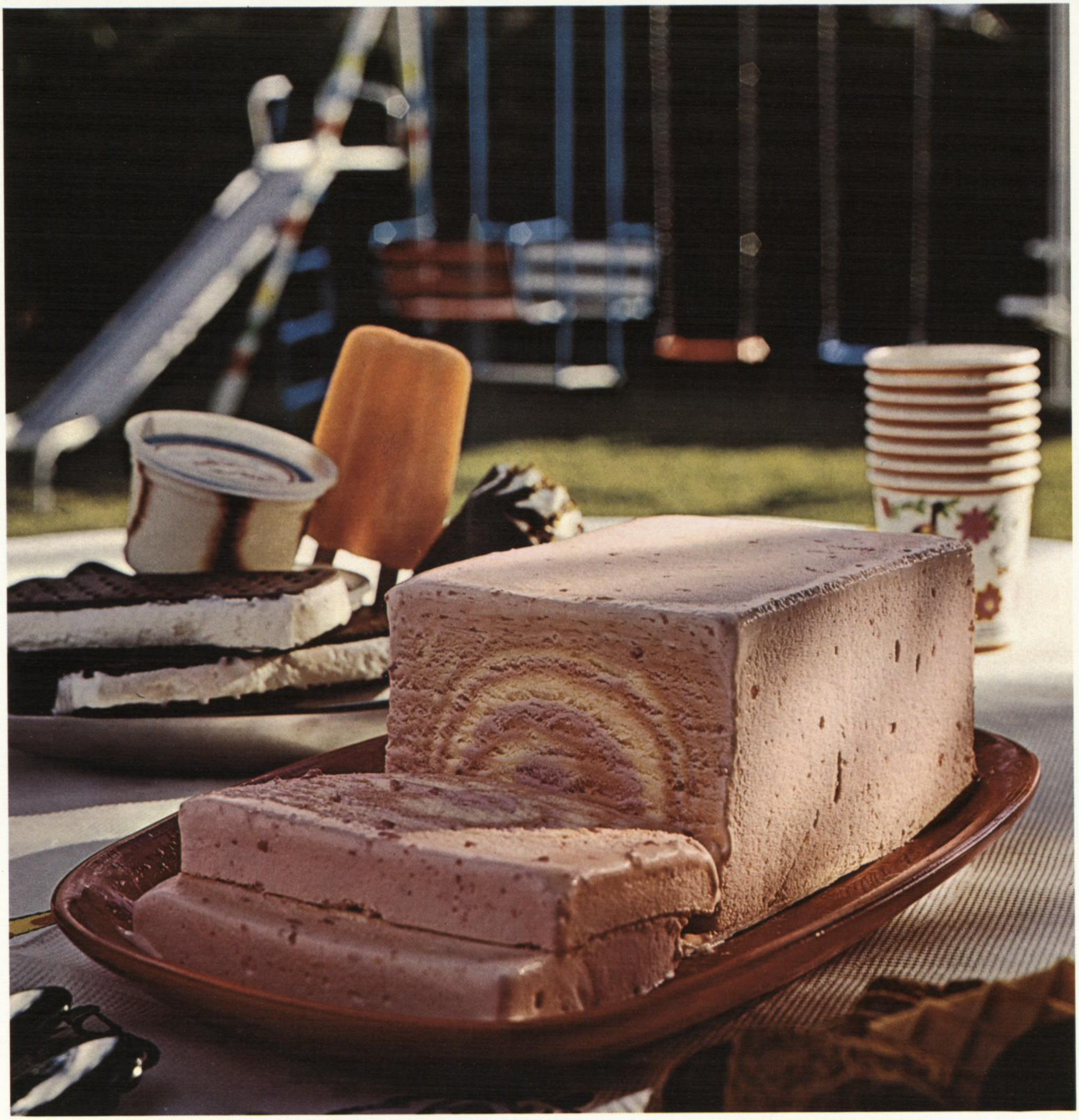
Ice Cream and Frozen Desserts accounted for $173,050,000 in sales during 1968. This is an increase of $3,393,000 over 1967.

Dollar sales of ice cream and frozen desserts have increased because of intensive marketing and innovative efforts which have changed consumer acceptance of these products. Many new varieties of ice cream have been introduced in recent years, including the Checkerboard and Swirl and Twirl patterns, patented processes which were developed by our Research and Development Division. Ice cream is a frequent, year-round purchase for many households rather than a luxury item to be enjoyed only occasionally and only in certain seasons.

As in other product categories, our success with ice cream has resulted from the ability to respond to consumer demands. The most recent example of this is the development of Light n' Lively Ice Milk, which meets the increasing demand for low-fat products, yet retains the good taste of ice cream. Light n' Lively Ice Milk was placed in limited distribution in 1967, and into wider distribution in 1968. Plans call for distribution in all Sealtest market areas in 1969.

As the result of an extensive research and development program initiated in 1967, we have developed an improved vanilla flavor which successfully completed consumer acceptance tests in 1968. This new flavor will be incorporated in Sealtest ice cream in 1969.

ICE CREAM BARS
6 BARS
TREASURE CHEST
SOUTHERN PECAN BUTTERSCOTCH ICE CREAM
STRAWBERRY MALT
Sealtest
ice cream
mint patties
8 PATTIES
Sealtest
Light n' Lively
ICE MILK
LEMON



Ice cream is a frequent, year-round taste-treat in the United States. Sealtest is a leader in offering consumers a wide variety of flavors and patterns of ice cream, as well as many kinds of novelties.

Another factor in the increasing dollar volume of the ice cream and frozen dessert category of products is the increasing demand for novelty products, such as ice cream cups, bars and sandwiches. Breyers, a division of Sealtest, has developed a new line of high-quality ice cream bars, ice cream cups and ice cream sandwiches which have completed preliminary tests and will be placed in test market early in 1969.

Plans are being completed for the expansion of half-gallon size Breyers ice cream into additional markets. The high quality, premium Breyers brand represents a truly different kind of ice cream with a proven consumer appeal, and our experience in East Coast markets shows that it is a natural companion for Sealtest ice cream. The combination of these two brands will provide consumers with a broader choice of products than is currently available in most areas.

The sale of Sealtest ice cream is promoted through continuous television advertising. This advertising is designed to demonstrate that Sealtest is the best tasting ice cream no matter which flavor and regardless of the season of the year.

Other Products

Sales in this category, which is comprised primarily of non-food products, amounted to $54,042,000 in 1968, an increase of $4,194,000 over 1967.

HumKo Products experienced a record year in the sales of its chemical products. During the year HumKo introduced a new methyl ester for use in the manufacture of plastic resins. Higher purity grades of primary amines were also introduced, especially for use in synthetic fibers. Other new products are under development through intensive programs in conjunction with the Research and Development Division.

HumKo achieved improved penetration of the Canadian market and has begun a program to develop sales of specialty chemical products overseas.

Metro Glass completed major new plant improvements and continued improvement in its market position despite a 51-day strike in the glass container industry. At the Carteret, New Jersey plant, capacity was increased and efficiency was improved through the installation of more modern equipment, and construction was begun on a new warehouse. Metro's Jersey City, New Jersey plant is in the first phase of a three-year expansion and modernization program.

The sale of National Dairy industrial products is supported by advertising and promotion in selected trade and professional media. This advertising backs up technical experts who bring quality products and creative usage ideas to our industrial customers.

KRAFEN
SPRAY DRIED SWEET WHEY
EXTRA GRADE
Maple Leaf
Imitation Ice Cream
FROZEN DESSERT
POWDER
Soft Serve Type
A Vegetable Fat Product

Ranging from glass bottles made by Metro Glass and chemicals produced by HumKo to animal feeds from Kraft, this category of products is experiencing consistent growth and comprises by itself a substantial business.

Summary and Outlook

It is no accident that National Dairy has grown to be a worldwide leader in its field. Our growth has been based on a number of strengths: consumer franchise, product innovation, marketing know-how, the ability and willingness to expand into new markets and improve our position in existing markets, the desire to serve our customers and the determination to do so with nothing but the highest quality products available.

Those products now number over 6,000 items, and our markets are in virtually every country in the free world.

You have seen on the preceding pages that during the past year we successfully continued to carry forward our marketing and product innovation programs. These programs have resulted in our sales more than doubling since 1951, with more than half of that increase generated by products that were not in our lines in 1951.

Significantly, the fastest growing portions of our business have been higher-margined Processed Packaged Foods and Manufactured Dairy Products. These are products with built-in convenience that are increasingly in demand throughout the world.

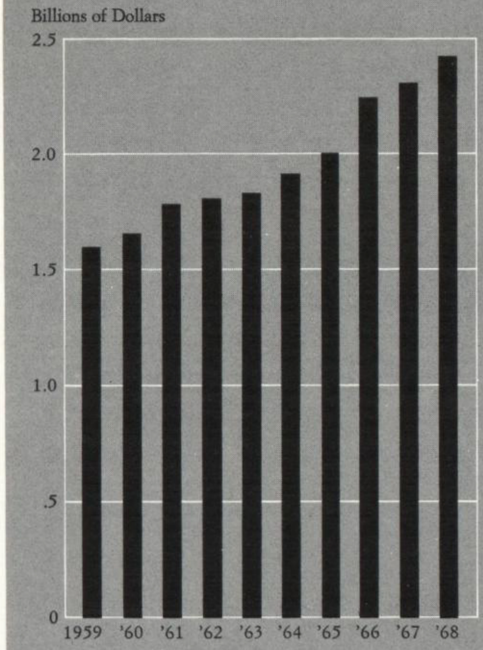
We expect this trend in our product mix to continue. Today, the average supermarket carries 7,000 products on its shelves. That number is expected to increase to over 9,000 in the 1970's, with half of today's products replaced by new ones. At the same time, the growth climate is enhanced by rising disposable incomes and an ever greater number of new homes.

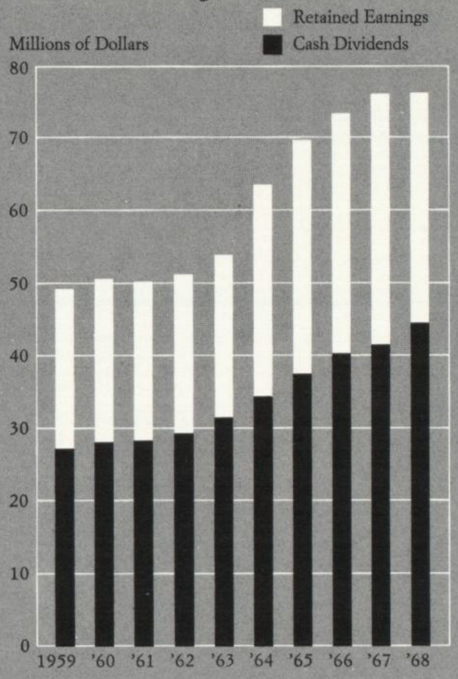
These factors plus the rapid change in consumer tastes, needs and demands for convenience and service provide a favorable environment for our Company, one which we believe will mean continued growth and prosperity.

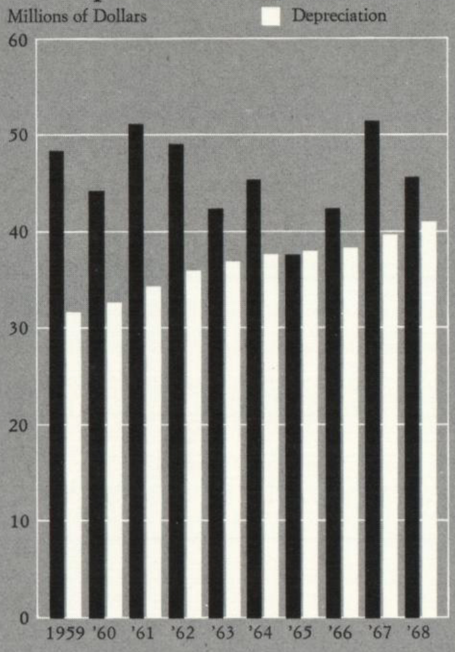
Ten Year Sales by Class of Products

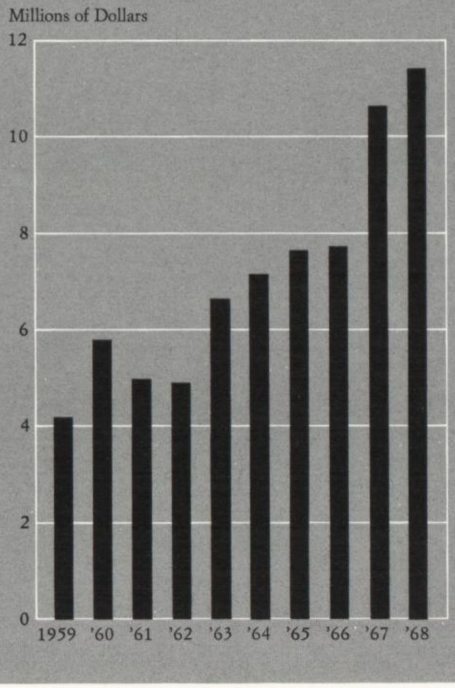
as a percent of total net sales

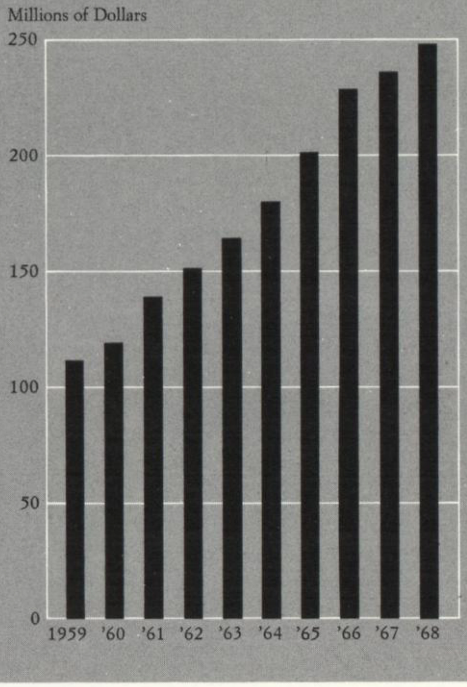
	Manufactured Dairy Products	Processed Food Products	Fluid Milk Products	Ice Cream & Frozen Desserts	Other Products
1968	38.1%	33.2%	19.4%	7.1%	2.2%
1967	38.4	32.5	19.7	7.3	2.1
1966	38.4	32.2	19.6	7.7	2.1
1965	37.4	31.9	20.0	8.5	2.2
1964	37.1	30.8	21.1	8.9	2.1
1963	36.7	29.9	22.1	9.3	2.0
1962	36.7	29.5	22.6	9.2	2.0
1961	36.9	28.2	23.1	9.8	2.0
1960	37.4	25.8	24.3	10.5	2.0
1959	36.1	25.3	25.6	11.0	2.0


Ten Year Sales


Ten Year Earnings


Ten Year Capital Expenditures and Depreciation


Ten Year International Earnings
(Excluding Canada)


Ten Year International Sales
(Excluding Canada)

1968 Financial Review

Sales

Record volume of products sold in our worldwide markets produced a new high in dollar sales of $2,428,106,000. This is an increase of $109,519,000, or 4.7% over sales of $2,318,587,000 in 1967. The international portion of our business continued to be the fastest-growing. Sales outside the United States and Canada were at a record $248,622,000, up $12,110,000, or 5.1% over last year.

The long-term trend in our product mix toward the higher-margin convenience foods also was maintained during 1968. Manufactured Dairy Products represented 38.1% of sales compared to 36.1% in 1959; Processed Food Products contributed 33.2% compared to 25.3% in 1959; Fluid Milk Products accounted for 19.4% of sales compared to 25.6% in 1959; Ice Cream and Frozen Desserts represented 7.1% of sales compared to 11% in 1959; and Other Products (primarily non-food) contributed 2.2% of sales compared to 2% in 1959. The percentage to net sales of each of these product categories over the past ten years is shown on the chart on page 18.

Earnings and Dividends

Consolidated earnings before taxes on income in 1968 were $151,576,000, up 7.5% from $140,950,000 in 1967. The contribution made to consolidated earnings by our subsidiaries outside the United States and Canada, before taxes on income, was $19,048,000, up 12% from 1967.

Consolidated net earnings were $76,162,000, slightly higher than the previous record of $76,120,000 established last year. Earnings per share of common stock increased to $2.67 from $2.65 in 1967, based on the average number of shares outstanding in each period.

During 1968, net earnings suffered from increased taxes, including the 10% Federal income tax surcharge enacted by Congress. The tax surcharge alone amounted to 22¢ per share, and reduced earnings by $6,362,000. Total taxes on earnings, real estate, equipment, inventories and payrolls were $105,876,000 in 1968, or $3.71 per share, compared with $92,425,000, or $3.21 per share in 1967.

The cost of products, which is comprised of raw materials, packaging and processing expense, was 76.3% of sales in 1968, compared with 76.5% last year. Delivery, selling, and administrative expenses were 17.5% of 1968 sales, compared to 17.5% in 1967. Included in this amount is advertising, which amounted to 2.6% of sales in 1968 compared to 2.7% in 1967.

Our investment tax credit in 1968 was approximately $2,422,000, or 8.5¢ per share, compared to approximately $1,462,000 or 5.1¢ per share in 1967. The increase reflects the absence of the tax credit during the early part of 1967.

Dividends to stockholders were increased again in 1968, beginning with the June payment. Total dividends paid during 1968 were $44,886,000, an increase of $3,245,000, from 1967's total of $41,641,000. Dividends per share were $1.57½ for the year, up from $1.45 in 1967.

The Company continued during 1968 its program to accumulate treasury stock for general corporate purposes by purchasing 424,400 shares of common stock. As of December 28, 1968, the Company held 963,365 shares. The Board of Directors has authorized the purchase during 1969 of up to 600,000 additional shares.

Capital Expenditures

Our expenditures during 1968 for new equipment and expanded production and distribution facilities totaled $45,799,000. Estimated capital expenditures in 1969 are $60,000,000, a record high, and will be utilized to increase efficiencies and production capacity needed to meet growing demand for our products. Depreciation charges in 1968 were $41,206,000. Estimated depreciation charges in 1969 are $43,000,000.

Litigation

After a jury trial in January, 1969 the Company was found not guilty in the 1965 Department of Justice antitrust case alleging a conspiracy to fix prices in the sale of milk in Miami and south Florida.

In the 1959 antitrust case in Kansas City, after reaffirmance by the Court of Appeals of the Company's conviction on 10 counts and reversal and remand for new trial on 3 counts, these 3 counts, on motion of the government, were dismissed by the District Court. A number of related treble-damage suits, which were deferred pending the conclusion of the antitrust case, are now in pre-trial stages.

The December, 1967 indictment of members of the New York City milk industry, in which the Company and one of its officers are included as defendants, is pending in a New York State court.

The Company's appeal from the Federal Trade Commission's decision finding the Company in violation of the price discrimination statute in the sale of jellies and preserves in certain market areas, as alleged in its 1962 proceedings, is pending in the Court of Appeals.

The Federal Trade Commission's order against the Company in the 1957 proceeding alleging price discrimination in the sale of milk and ice cream was sustained on appeal and has become final. The order, which covers certain pricing practices of the Sealtest Foods Division, is, of course, being complied with and has required changes in some of that Division's pricing methods.

In addition the Company is a party to other litigation of various kinds and governmental investigations are pending in several areas. See also the comment on Contingent Liabilities in the Notes to Consolidated Financial Statements on page 25.

Consolidated Balance Sheets

Assets

	December 28, 1968	December 30, 1967
Current Assets:		
Cash	**$ 16,835,726**	$ 16,169,054
Marketable securities at cost, not in excess of market	**76,077,417**	68,532,496
Notes and accounts receivable, less allowance for losses ($5,179,039 in 1968 and $5,187,431 in 1967)	**159,044,117**	140,469,260
Inventories, at lower of average cost or market—		
Products and materials	**286,339,907**	286,729,901
Supplies	**24,113,457**	24,100,598
Total current assets	**$562,410,624**	$536,001,309
Property, Plant & Equipment, at cost:		
Land	**$ 20,339,642**	$ 20,245,212
Buildings	**242,891,869**	237,362,307
Machinery and equipment	**447,225,444**	432,313,141
	$710,456,955	$689,920,660
Less—Accumulated depreciation (See note)	**363,765,460**	346,271,133
	$346,691,495	$343,649,527
Other Assets:		
Miscellaneous investments and receivables	**$ 11,885,913**	$ 9,340,432
Prepaid and deferred items	**3,698,706**	4,567,522
Intangibles (See note)	**23,458,481**	21,785,697
	$ 39,043,100	$ 35,693,651
	$948,145,219	$915,344,487

(See Notes to Consolidated Financial Statements, pages 25 and 26.)

Liabilities and Stockholders' Equity

	December 28, 1968	December 30, 1967
Current Liabilities:		
Accounts payable and accrued liabilities	**$159,823,348**	$148,782,110
Short-term loans of International Subsidiaries	**17,898,253**	15,287,557
Provision for Federal and foreign taxes on income	**23,828,157**	25,402,218
Current portion of long-term debt, less amounts provided for payment ($3,600,000 in 1968 and $3,612,708 in 1967)	**1,200,000**	977,020
Total current liabilities	**$202,749,758**	$190,448,905
Long-Term Debt (See note)	**$ 87,727,814**	$ 85,144,703
Other:		
Deferred taxes on income	**$ 12,404,869**	$ 11,698,865
Reserves for insurance, etc.	**4,622,862**	4,479,375
Minority interest in subsidiaries	**1,942,526**	1,292,788
	$ 18,970,257	$ 17,471,028
Contingent Liabilities (See note)		
Stockholders' Equity (See note):		
Common stock, $2.50 par value—authorized 40,000,000 shares; issued 29,302,125 shares at December 28, 1968 and 29,219,090 shares at December 30, 1967	**$ 73,255,312**	$ 73,047,725
Capital surplus	**46,282,206**	44,336,758
Retained earnings (at December 28, 1968, $97,800,000 restricted as to payment of dividends under indentures)	**557,795,753**	526,519,802
	$677,333,271	$643,904,285
Less—Treasury stock at cost—963,365 shares at December 28, 1968 and 547,469 shares at December 30, 1967	**38,635,881**	21,624,434
Stockholders' equity	**$638,697,390**	$622,279,851
	$948,145,219	$915,344,487

(See Notes to Consolidated Financial Statements, pages 25 and 26.)

Consolidated Statements of Income

National Dairy Products Corporation . . . and Subsidiaries

	52 Weeks Ended Dec. 28, 1968	52 Weeks Ended Dec. 30, 1967
Income:		
Net sales	**$2,428,105,530**	$2,318,587,414
Other income	**8,286,755**	7,014,020
Total	**$2,436,392,285**	$2,325,601,434
Costs and expenses:		
Cost of products	**$1,852,960,144**	$1,773,106,625
Delivery, selling, and administrative expense	**425,808,660**	405,563,513
Interest on long-term debt	**3,589,566**	3,484,520
Miscellaneous charges, net	**2,458,100**	2,496,360
Total	**$2,284,816,470**	$2,184,651,018
Income before Federal and foreign taxes	**$ 151,575,815**	$ 140,950,416
Provision for Federal and foreign taxes on income	**75,414,000**	64,830,000
Net income for the year	**$ 76,161,815**	$ 76,120,416
Net income per share of common stock	**$ 2.67**	$ 2.65
Average number of shares outstanding during the period	**28,497,431**	28,718,159

Consolidated Statements of Retained Earnings

	52 Weeks Ended Dec. 28, 1968	52 Weeks Ended Dec. 30, 1967
Balance at beginning of fiscal year	**$ 526,519,802**	$ 492,040,151
Net income for the year	**76,161,815**	76,120,416
	$ 602,681,617	$ 568,160,567
Dividends on common stock ($1.575 per share in 1968 and $1.45 in 1967)	**44,885,864**	41,640,765
Balance at end of fiscal year	**$ 557,795,753**	$ 526,519,802

(See Notes to Consolidated Financial Statements, pages 25 and 26.)

Consolidated Statements of Source and Application of Funds

	52 Weeks Ended Dec. 28, 1968	52 Weeks Ended Dec. 30, 1967
Source of Funds:		
Net income for the year	**$ 76,161,815**	$ 76,120,416
Non-cash charge—Depreciation	**41,206,083**	39,980,080
Increase (decrease) in long-term debt, net	**2,583,111**	(2,587,318)
Sale of common stock under options	**2,292,585**	1,009,629
	$122,243,594	$114,522,807
Application of Funds:		
Dividends paid on common stock	**$ 44,885,864**	$ 41,640,765
Property, plant and equipment additions, net	**44,248,051**	49,282,526
Treasury stock acquired, net	**17,150,997**	5,889,334
Other applications (sources), net	**1,850,220**	(2,238,500)
	$108,135,132	$ 94,574,125
Increase in Working Capital	**$ 14,108,462**	$ 19,948,682

Notes to Consolidated Financial Statements... December 28, 1968

Depreciation

Depreciation charges are generally computed on a straight-line basis over estimated useful lives of buildings and estimated composite group lives of machinery and equipment.

Intangibles

Intangibles represent the excess of the purchase prices paid over the net book values of the tangible assets of certain businesses acquired since 1955. The Company does not now intend to amortize items carried in this account.

Contingent Liabilities

Substantial amounts are involved in various legal proceedings in which the Company is a defendant. It is not feasible to predict or determine the outcome of these proceedings, the adjustments in operations which adverse decisions might require or the ultimate liabilities, if any, which might result, but it is believed that the outcome would not materially affect the Company's consolidated financial position or operations.

Employees' Stock Options

At December 28, 1968, 1,281 employees of the Company (including officers) held options, granted under the Company's Employees' Stock Option Plan as amended in 1958, and under the 1965 Stock Option Plan for an aggregate of 626,336 shares, at prices ranging from $30.25 to $41.65 per share, with an aggregate purchase price of $23,496,086. At that date 56,652 shares remained available under the 1965 Plan for future grants. Options become exercisable in cumulative periodic installments and in 1968 options covering 102,435 shares became exercisable, having an aggregate purchase price of $3,515,892. During the year options covering 86,590 shares were exercised and the proceeds, $2,292,585, were credited to the common stock, treasury stock and capital surplus accounts.

Company Pension Plans

The Company and its subsidiaries have several pension plans, including joint industry and union plans, covering substantially all employees. It is the Company's general policy to provide and fund current service costs and interest on unfunded past service costs annually. During 1968, improvements in employee benefits resulting from changes in domestic plans increased annual pension costs by approximately $1,000,000. Total pension costs approximated $15,100,000 in 1968 and $12,156,000 in 1967. At January 1, 1968, employees' vested benefits were fully funded.

Long-Term Debt

All of the issues of debentures and debenture stock have sinking fund or prepayment requirements. The amounts shown below as outstanding at December 28, 1968, exclude maturities and sinking fund requirements included in current liabilities, and $11,836,000 of debentures held in treasury in excess of current sinking fund requirements.

National Dairy Products Corporation	**Dec. 28, 1968**	Dec. 30, 1967
2¾% Debentures due 1970	**$16,112,000**	$16,112,000
3% Debentures due 1970 . .	**9,821,000**	9,831,000
3⅛% Debentures due 1976	**14,944,000**	14,944,000
4⅜% Debentures due 1992	**32,687,000**	33,011,000
Renewable Bank Notes (Belgium)	**3,986,703**	3,986,703
Bank Loans due 1973 (Eurodollars)	**3,817,111**	—
English subsidiary		
Debenture Stock due 1975 .	**5,760,000**	6,000,000
Bank Loan due 1971	**600,000**	—
Bank Loans due 1969	—	1,260,000
	$87,727,814	$85,144,703

Capital Transactions

	Number of Shares		Amount		
	Common Stock	Treasury Stock	Common Stock	Treasury Stock	Capital Surplus
December 30, 1967	29,219,090	547,469	$73,047,725	$21,624,434	$44,336,758
Purchased	—	424,400	—	17,344,715	—
Used for—					
Management Incentive Compensation Plan	—	4,949	—	193,718	—
Stock options exercised	83,035	3,555	207,587	139,550	1,945,448
December 28, 1968	29,302,125	963,365	$73,255,312	$38,635,881	$46,282,206

Auditors' Report

To the Board of Directors and Stockholders of National Dairy Products Corporation:

We have examined the consolidated balance sheets of National Dairy Products Corporation (a Delaware corporation) and Subsidiaries as of December 28, 1968 and December 30, 1967, and the related consolidated statements of income, retained earnings and source and application of funds for the fiscal years then ended. We have also examined the statements of financial position and income of International Subsidiaries other than Canadian. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of National Dairy Products Corporation and Subsidiaries as of December 28, 1968 and December 30, 1967, and the results of their operations and source and application of funds for the fiscal years then ended, and the accompanying financial statements of International Subsidiaries other than Canadian present fairly the financial position and results of operations of such subsidiaries, all in conformity with generally accepted accounting principles consistently applied during the periods.

New York, N.Y.,
February 20, 1969.

Arthur Andersen & Co

International Subsidiaries Other Than Canadian

Statements of Income

	52 Weeks Ended Dec. 28, 1968	52 Weeks Ended Dec. 30, 1967
Income:		
Net sales	**$248,622,200**	$236,511,894
Other income	**1,092,298**	718,642
Total	**$249,714,498**	$237,230,536
Costs and expenses:		
Cost of products	**$189,894,583**	$182,360,758
Delivery, selling, and administrative expense	**40,288,997**	37,269,364
Interest on long-term debt	**483,339**	586,368
Total	**$230,666,919**	$220,216,490
Income before taxes	**$ 19,047,579**	$ 17,014,046
Provision for taxes on income	**7,643,831**	6,363,992
Net income for the year	**$ 11,403,748**	$ 10,650,054

Statements of Financial Position

	Dec. 28, 1968	Dec. 30, 1967
Cash and marketable securities	**$ 7,502,966**	$ 3,110,803
Notes and accounts receivable	**21,186,895**	18,733,037
Inventories	**43,387,960**	43,855,167
Total current assets	**$ 72,077,821**	$ 65,699,007
Current liabilities	**43,768,235**	40,711,585
Working capital	**$ 28,309,586**	$ 24,987,422
Property, plant and equipment, less accumulated depreciation	**46,689,268**	43,540,302
Other assets	**1,878,096**	2,163,764
	$ 76,876,950	$ 70,691,488
Less—Long-term debt, reserves, and minority interest	**9,178,109**	9,389,415
Net tangible assets	**$ 67,698,841**	$ 61,302,073

The above accounts are included in the Consolidated Financial Statements.

Principal Divisions

Kraft Foods . . . operates modern food processing plants and distributing centers at many locations in the United States and Canada, geographically located to give efficient service to customers in all trade channels throughout both countries. Kraft Foods also operates the major part of our international food business, which has facilities in Great Britain, West Germany, Belgium, Spain, Australia, New Zealand, Venezuela, Mexico, the Philippines and other countries, producing and distributing a great variety of food products. United States, Canadian and overseas operations export to markets in other countries. Long famous for cheese and salad products, Kraft Foods has steadily diversified its product lines and today markets a wide range of food products which are to be found in all types of food outlets. This Division does an extensive business with the food-service industry, including restaurants, schools, institutions, in-plant cafeterias and similar customers; produces a number of products used by other manufacturers as ingredients in their products; and makes a variety of agricultural products, such as animal feeds.

Sealtest Foods . . . produces and distributes in the United States and Canada a full line of fluid milk, cream and milk specialties, ice cream and other frozen specialties and cottage cheese in many varieties. This Division also distributes orange juice, fruit beverages and other food products. Sealtest products reach homes, food stores, restaurants and other institutional customers in markets from the Atlantic Coast to the Rocky Mountains and in Puerto Rico. Dominion Dairies in Canada processes and sells products under Sealtest and other brands in the Provinces of Ontario and Quebec. Through its Sheffield Chemical operation, Sealtest Foods also produces milk proteins, chemical intermediates and various ingredient products.
BREYERS . . . the long-established and ever popular Breyers brand of ice cream products is manufactured and distributed from Connecticut through the mid-Atlantic states to Virginia in a wide variety of retail outlets.

Breakstone Sugar Creek Foods . . . does an extensive business in cottage cheese, butter, sour cream, cream cheese, yogurt and other cultured milk products, under the Breakstone and Temp-Tee brands. From its plants and branches, products are delivered by refrigerated transport to major markets along the eastern seaboard from Maine to Puerto Rico. In addition, Breakstone Sugar Creek produces quality butter in mid-western dairy centers to be sold under Sugar Creek, Sealtest and other brands; and it also produces ice cream mix and flavor bases for soft drinks and syrups.

HumKo Products . . . refines a variety of edible oils and shortenings for the food industry and for consumer markets, operating large modern refineries in Memphis, Tenn., Champaign, Ill., and Los Angeles, Calif. HumKo also produces and markets a wide range of high-quality industrial fatty acids and chemicals which have many applications in other industries. Its products are generally distributed throughout the United States.

Metro Glass . . . manufactures glass containers for use in the food, beverage, drug, chemical, cosmetics, household products, and other trades. Its principal plants are located in the heavily industrialized areas around New York City, Pittsburgh, and Chicago.

Research and Development . . . the Research Center, located at Glenview, Ill., conducts the extensive research programs of National Dairy. This large, modern facility, staffed and equipped for basic and applied research, works with the Operating Divisions of the Company in the development of new and improved products and processes, technological studies and important long range projects.

Ten Year Summary

(Dollar amounts in thousands, except per share figures)

	1968	1967	1966
Income and Dividends:			
Net sales	**$2,428,106**	$2,318,587	$2,251,725
Income before Federal and foreign taxes on income	**151,576**	140,950	135,476
Net income after taxes	**76,162**	76,120	73,461
Dividends	**44,886**	41,641	40,413
Per share of common stock:			
Net income after taxes	**$2.67**	$2.65	$2.55
Dividends	**$1.575**	$1.45	$1.40
Financial position:			
Cash and marketable securities	**$ 92,913**	$ 84,701	$ 69,466
Notes and accounts receivable	**159,044**	140,469	134,830
Inventories	**310,453**	310,831	310,832
Total current assets	**562,410**	536,001	515,128
Total current liabilities	**202,750**	190,449	189,524
Working capital	**359,660**	345,552	325,604
Property, plant and equipment	**346,691**	343,650	334,347
Total assets	**948,145**	915,344	884,518
Long-term debt	**87,728**	85,145	87,732
Stockholders' equity	**638,697**	622,280	592,680
Per share of common stock	**$22.41**	$21.66	$20.58
Statistical information:			
Capital expenditures	**$ 45,799**	$ 51,600	$ 42,481
Depreciation charged during the year	**41,206**	39,980	38,481
Total taxes—income, property and other	**105,876**	92,425	89,072
Per share of common stock	**$3.71**	$3.21	$3.09
Interest on long-term debt	**3,590**	3,485	3,552
Payroll	**323,257**	309,905	301,407
Average number of employees	**47,007**	47,060	46,525
Number of stockholders at year end	**71,702**	72,352	71,240

Per share figures for all years prior to 1966 have been adjusted for the two-for-one stock split in 1966.

1965	1964	1963	1962	1961	1960	1959
$2,017,280	$1,919,945	$1,838,971	$1,820,538	$1,790,834	$1,667,176	$1,605,725
129,057	123,951	110,444	104,478	101,526	101,947	98,462
69,902	63,784	54,018	51,303	50,211	50,667	49,362
37,664	34,729	31,703	29,411	28,536	28,177	27,317
$2.41	$2.20	$1.87	$1.78	$1.75	$1.79	$1.75
$1.30	$1.20	$1.10	$1.02	$1.00	$1.00	$ .97
$ 117,082	$ 113,846	$ 93,341	$ 89,551	$ 27,747	$ 43,297	$ 62,498
121,815	112,070	105,340	97,155	95,180	87,998	78,710
250,928	241,754	244,738	238,713	262,197	224,587	194,213
489,825	467,670	443,419	425,419	385,124	355,882	335,421
180,824	171,055	161,021	156,883	170,667	146,638	140,992
309,001	296,615	282,398	268,536	214,457	209,244	194,429
330,866	332,136	329,440	326,603	317,799	298,103	290,242
852,652	824,629	796,721	774,267	726,173	670,343	642,082
89,322	95,638	109,071	116,599	81,808	84,178	87,886
566,239	538,638	507,107	482,467	458,455	428,026	403,855
$19.56	$18.58	$17.56	$16.78	$16.02	$15.16	$14.36
$ 37,767	$ 45,450	$ 42,667	$ 49,235	$ 51,327	$ 44,425	$ 48,568
38,222	37,897	36,955	35,946	34,378	32,771	31,788
82,636	83,299	79,798	75,542	72,087	71,490	66,938
$2.85	$2.87	$2.76	$2.63	$2.52	$2.53	$2.38
3,483	3,759	4,129	3,711	2,598	2,737	2,803
280,983	274,546	271,908	273,263	272,159	262,013	256,331
45,157	45,172	46,432	47,596	48,822	47,943	48,809
68,762	69,073	68,682	69,727	69,993	69,940	69,708

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Printed in U.S.A.

PHILADELPH
BRAND
CREAM CHEES
PASTEURIZED • VEGETABLE GUM ADDED
KRAFT
America's Favorite
CREATED BY
KRAFT
Miracle Whip
Salad Dressing
16 FL.OZS. (1 PT.)
Sealt
READY TO
Chocolate
4 servings
NET WT. 16 O
Sealtest
READY TO EAT
Vanilla pudding
4 servings 4 oz. each
NET WT. 16 OZ. (1 LB.)

National Dairy Products Corporation 260 Madison Ave., New York, N.Y. 10016

KRAFT
HOME COOKED DINNER
Macaroni & Cheese
DINNER
NET WT. 7¼ OZS.
frisch
das echte
KRAFT
Roggen-Knäcke
von echtem Schrot und Korn
KRAFT Knäcke
Breakstone
PASTEURIZED
SOUR CREAM
HOMOGENIZED
ONE PINT LIQ.
Breyers
BUTTER ALMOND CHOCOLATE
Ice Cream
Each Slice Wrapped
KRAFT
16 AMERICAN SINGLES
Pasteurized Process Cheese Food
ONE POUND NET
butter
Sugar Creek
QUARTERS